

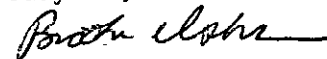
Amendment No. 2

To

USAID Special Objective Grant Agreement No. 278-011

BETWEEN THE
UNITED STATES OF AMERICA
AND
THE HASHEMITE KINGDOM OF JORDAN
FOR THE
CASH TRANSFER
SPECIAL OBJECTIVE

Certified Conformed Copy
of agreement signed on
July 20, 2005



Brooke Isham
Director
Office of Program Management

DATED:

20 JUL 2005

APPN:

BPC:

RCN:

FUNDS AVAILABLE FOR	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES. / EM. <input type="checkbox"/>	COMM. RES / COMM. <input type="checkbox"/>
ACTION TAKEN BY <u>16</u> DATE <u>7/20/05</u>	
APPROPRIATION: <u>725/61032</u>	
BPC: <u>1755-05-23278-K631</u>	
RCN / ECN: <u>A050206</u>	

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USAID Grant No. 278-011

AMENDMENT No. 2

TO

SPECIAL OBJECTIVE GRANT AGREEMENT

BETWEEN The Hashemite Kingdom of Jordan (Grantee or GOJ), acting through the Ministry of Planning and International Cooperation, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on March 23, 2004, the Grantee and USAID (Parties) entered into a Grant Agreement for the Cash Transfer Special Objective (Agreement) whereby USAID granted to the Grantee one hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$138,525,000) to finance foreign exchange and local currency costs of achieving the Special Objective; and

WHEREAS, on June 22, 2004, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of one hundred million U.S. Dollars (U.S.\$100,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of one hundred eighty eight million U.S. Dollars (U.S.\$188,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. **Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant**, is amended by deleting the amount of "two hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$238,525,000)" and replacing it with "four hundred and twenty six million five hundred and twenty five thousand United States ("U.S.") Dollars (\$426,525,000)."

2. **Article 5: Conditions Precedent to Disbursement** is hereby deleted and replaced with a new Article 5 as follows:

"Article 5: Conditions Precedent to Disbursement"

Section 5.2. FY 2004 Cash Transfer, General Conditions Precedent

Prior to disbursement of the cash transfer of one hundred eighteen million United States Dollars envisaged under Amendment No. 2 of this Agreement (hereinafter referred to as "cash transfer"), or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(a) Evidence that the Grantee has established the Separate Dollar Account described in Article 8 of this Agreement, together with the Grantee's certification that such bank account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters ("ILs"); and

(b) Evidence that the Grantee has established the Local Currency Account described in Article 9 of this Agreement, together with the Grantee's certification that such account has been established and will be maintained as required by this Agreement and/or subsequent Implementation letters.

Section 5.3. FY 2004 Cash Transfer, Policy Reform Conditions Precedent

Prior to the disbursement of the cash transfer, or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, meet the following policy reform and related Conditions Precedent and furnish to USAID, in form and substance satisfactory to USAID, evidence of the following actions:

5.3.1 The Government of Jordan exempts raw inputs for the manufacturing sector from tariff duties.

5.3.2 The Government of Jordan exempts industrial machinery, equipment, and spare parts thereof (Chapters 84 and 85 of the Tariff Schedule) from tariff duties.

- 5.3.3 The Government of Jordan approves a Strategy and Action Plan, including a timetable, for restructuring the Jordan Petroleum Company in preparation for privatizing the refining and distribution segments of the business.
- 5.3.4 The Ministries of Energy and Environment commits to prohibiting the production, importation, and sale of leaded gasoline in Jordan.
- 5.3.5 The Cabinet submits draft legislation to Parliament and the Central Bank issues implementation regulations for an anti-money laundering statute consistent with international best practices.
- 5.3.6 The Government of Jordan approves a National Strategy for Microfinance that promotes market-based, sustainable microfinance in Jordan based on CGAP international best practices.
- 5.3.7 The Government of Jordan rationalizes fiscal incentives in order to facilitate the implementation of investment promotion best practices.
- 5.3.8 The Central Bank of Jordan prepares a backup and disaster recovery plan with a clear timeline and resource plan for completion by mid-2006.
- 5.3.9 The Central Bank completes the Credit Bureau licensing regulations.
- 5.3.10 The Jordan Customs Directorate completes the design of the Comprehensive Integrated Tariff System (CITS) and makes it freely available on the internet.
- 5.3.11 The Jordan Food and Drug Administration continues its public-private partnership process that promotes collaborative policymaking in the area of drugs/pharmaceuticals and establishes the same process for the area of foodstuffs.
- 5.3.12 The Government of Jordan revises its special sales tax, vehicle fees, and registration fees for all passenger vehicles from an engine-size basis to a tax schedule based only on vehicle value.
- 5.3.13 The Cabinet approves an amended Audiovisual Licensing and Censorship Regulation stipulating that fees collected are to be directly related to the services rendered in that regard and that fees imposed on imported audiovisual products reflect no discrimination based on origin.

- 5.3.14 The Cabinet submits to Parliament a draft amendment to the Customs Law to allow for the issuance of customs bonds by insurance companies or other financial intermediaries.
- 5.3.15 The Ministry of Finance eliminates customs on devices and fixtures that save water by improving water use efficiency both in the residential, construction, industrial, and agricultural sectors.
- 5.3.16 The Water Authority of Jordan signs a contract to fully activate all the features of the current X7 billing system in Amman and Aqaba, and activate the X7 system in WAJ Central and NAGWA.
- 5.3.17 The Jordan Institute for Standards and Metrology finalizes and adopts Standard 1407 on good agricultural practices.
- 5.3.18 WAJ develops and approves a Wadi Essir or Zara-Ma'in-Zarqa watershed protection plan.
- 5.3.19 The Ministry of Finance commits to approving the ORACLE Financial Accounting System of the Jordan Valley Authority after performing the required improvements.
- 5.3.20 The Ministry of Water and Irrigation, The Water Authority of Jordan (WAJ), and the Ministry of Environment sign a MOU with a Qualifying Industrial Zone (QIZ) for the promotion of Environmental Management Systems (EMSs) for water reuse and improved wastewater standards.
- 5.3.21 The Government of Jordan issues an RFP for the relocation of the Ain Ghazal slaughterhouse from its current location to a new site that does not impact the As-Samra wastewater treatment plant.
- 5.3.22 The Government of Jordan approves the regulation for the disposal of medical waste products.

Section 5.4. Notification

USAID will promptly notify the Grantee when USAID has determined that a condition precedent has been met.

Section 5.5. Terminal Date for Conditions Precedent

If all the conditions specified in Sections 5.2 and 5.3 of this Agreement have not been met within ninety days from the date of the execution of Amendment No. 2 to this Agreement, or such later date as USAID may agree to in writing, USAID, at its option, may terminate this Agreement by written notice to the Grantee.

3. **Article 8: General Terms and Conditions Relating to Use of the Cash Transfer, Section 8.1, Use of the Cash Transfer**, is hereby amended as follows:

The opening clause of paragraph (a) is hereby deleted and replaced in its entirety with the following: "The cash transfer provided under Amendment No. 2 to this Agreement shall be utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2004 or after (as the cash transfer provided under the original Agreement and Amendment No. 1 to the Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2003 or after) in the following categories, in order of precedence:"

4. **Article 9: General Terms and Conditions Relating to the Local Currency Account associated with the Cash Transfer, Section 9.2, Deposit into the Local Currency Account** is hereby deleted and replaced with a new Section 9.2 as follows:

"For the cash transfer under Amendment No. 2, the Local Currency equivalent of the total value of the cash transfer will be deposited into the Local Currency Account in four installments as described below or as the Parties may otherwise agree in writing through an exchange of ILs. Four equal installments, each in the amount of the Jordanian Dinar equivalent of U.S. Dollar 46,875,000, will be made within 15 working days after the beginning of following months in calendar year 2005: August 1, 2005; September 1, 2005; October 1, 2005 and, November 1, 2005, calculated at the highest legally obtainable rate of exchange as determined by the Central Bank of Jordan, which, as of the date of deposit, is not unlawful in Jordan."

5. **Article 10: Trust Fund Account**, shall be amended to read as follows:

Insert a new paragraph (c), Article 10 as follows:

"(c) For the FY 2005 cash transfer, the Grantee shall transfer from the Local Currency Account the equivalent of two million five hundred thousand U.S. Dollars (U.S.\$ 2,500,000) in Jordanian Dinars to the USAID Trust Fund Account established pursuant to the Commodity Import Program Agreement between the Parties dated September 23, 1993, as amended. The Jordanian Dinars shall be provided at the highest legally obtainable exchange rate as determined by the Central Bank of Jordan, as of the date of deposit, in two equal installments of the equivalent of one million two hundred fifty thousand United States Dollars each, with one installment due on May 1, 2006 and the other due on October 1, 2006. These funds will help meet a portion of USAID administrative expenses beginning October 1, 2006 through September 30, 2007."

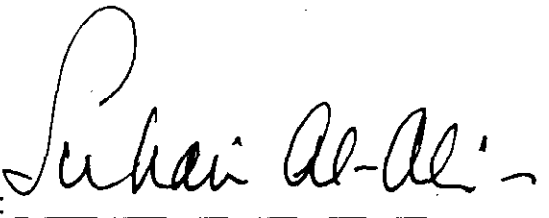
6. Attachment No. 1 to Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Attachment No. 1 to Annex 1 attached hereto.

7. Except as amended herein, the Agreement, remains in full force and effect.


IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

THE UNITED STATES OF AMERICA

BY: 
H.E. Ms. Suhair Al-Ali
Minister of Planning and International
Cooperation

BY: 
David Hale
Chargé d'Affaires

BY: 
Anne Aarnes
Mission Director

ILLUSTRATIVE SPECIAL OBJECTIVE BUDGET

Amendment No. 2

SO: Special Objective-Cash Transfer

INTERMEDIATE RESULT	PROGRAM FUNDING			
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	LIFE OF SPO TOTAL
1. Improved Environment for Sustained Policy Reform	238,000,000	187,500,000	425,500,000	438,975,000
2. Increased Technical Capacity to Implement Policy Reform	525,000	500,000	1,025,000	1,025,000
TOTAL	238,525,000	188,000,000	426,525,000	440,000,000